

## **North East BPO Promotion Scheme (NEBPS)**

### **1. Summary**

(i) The North East BPO Promotion Scheme (envisaged under **Digital India Programme**), proposes to provide the following capital support in the form of Viability Gap Funding (VGF) to eligible BPO Companies, to encourage the growth of the IT Industry in the North Eastern Region (NER) through BPO operations:

**Capital Support:** Upto 50% of one time expenditure incurred on admissible items (**Annexure-I**) subject to an upper ceiling of Rs. 1 lakh per seat.

(ii) Under the NEBPS, the quantum of capital support shall be determined through an open bid system, subject to overall ceiling referred at sub-para (i) above. Inter-alia, bids would be invited from eligible applicant companies in each State in the N.E.R, through a Request For Proposal (RFP), to determine the lowest amount of Capital Support to be provided as Viability Gap Funding in respect of each State.

(iii) The above Scheme seeks to incentivize establishment of 5,000 seats in respect of BPO operations, at an outlay of about Rs. 50 Crore during the remaining period of 12<sup>th</sup> Five Year Plan, thus generating direct employment to about 15,000 persons considering three shifts operations.

(iv) A BPO Company, seeking to avail capital support under this scheme, shall be under obligation not to claim the **similar** capital support under any other Scheme of the Central/State Government concerned.

### **2. Duration**

Budgetary estimates have been projected for the balance period of the 12<sup>th</sup> Five Year Plan. The benefits would be available till the end of the 12<sup>th</sup> Five Year Plan i.e. 31.03.2017.

### **3. Location**

The NEBPS is to be implemented in all the eight (8) States of NER viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.

### **4. Objectives**

(i) Creation of employment opportunities for the local youth in NER, by promoting the IT/ITES Industry particularly by setting up the BPOs/Call Centres.

(ii) Promotion of investment in IT/ITES Sector in NER in order to expand the base of IT Industry and secure balanced regional development.

### **5. Eligibility Criteria(s)**

The bidder would be required to meet the following conditions:

(i) The bidder should be registered in India under The Companies Act, 2013 as amended till date.

(ii) The bidder must be willing to set up a BPO/Call Centre, with a minimum of 100 seats capacity at one location (city/town). However the bidder would be at liberty to bid for a maximum of 1500 seats either (a) at one location (city/town) or (b) at multiple locations (city/town) in the NER.

(iii) The bidder must commit to operate for a minimum period of 3 years.

(iv) The bidder must furnish an undertaking to take either appropriate premises on lease for at least 3 years or produce the proof of ownership of the premises for setting up BPO operations at the location referred at (ii) above. [**Minimum 4000 Sq Ft for 100 seat or @ 40 Sq Ft per seat**].

(v) The bidder should have achieved a minimum average annual turnover during the last 3 financial years, as per number of seats applied for, detailed as under:

S. No.	Number of Seats/Bidder	Minimum average annual turnover of last 3 FYs (Rs. in Crore)
1	100-500	5
2	501-1000	10
3	1001-1500	15

OR

An entrepreneur can form a Consortium with an Indian Company which is able to fulfill the above financial eligibility criteria. The eligible Indian Company must have at least 26 % equity shareholder in the Consortium and commit to maintain minimum equity shareholding (26%) for at least three years. The share holder having the largest equity shareholding shall be the lead member of the Consortium.

(vi) The bidder must commit itself to employ at least 1.5 times the number of seats (employment target), for which the bid is submitted and claim for financial support is to be subsequently made, after the commencement of BPO operations.

(vii) The bidder should have positive net worth as on 31-03-14, duly certified by a Chartered Accountant.

(viii) The bidder should have ISO certification for process quality.

(ix) The bidder should not be under a Declaration of Ineligibility for corrupt or fraudulent practices or blacklisted by any of the Government agencies. Self-Declaration should be given by authorized signatory.

## 6. Bidding Process and Evaluation of Bids

(i) On behalf of the Department of Electronics & IT (DeitY), the Software Technology Parks of India (STPI), an autonomous society of DeitY will be responsible for bid

management and consequential steps. The STPI will invite Bids from the eligible BPO companies through Request for Proposal (RFP), who are desirous of setting up BPO/ Call Centre operations in N.E. Region. The Bidders would be required to quote its most reasonable amount of capital support (VGF) as its bid, subject to the ceiling of Rs 1 lakh per seat and other applicable terms and conditions.

(ii) The RFP Document would indicate in adequate details various aspects of the bidding process, evaluation methodology, etc. and would inter-alia envisage the following:

(a) The Bidders interested in setting BPO/Call Centre Operations in N.E Region would be required to submit its bid in Two-Bid Format, with Technical and Financial Bids sealed separately, along with Bid security [**Bid Security would be 5% of (total no of seats indicated in the Bid multiplied by bid amount per seat)**]. The Bidder would be required to put these three sealed envelopes (Technical Bid, Financial Bid and Bid security) in a big envelope duly sealed and send it to the **STPI-HQ/STPI-Guwahati by or before the Due Date**. The Formats for Technical and Financial Bids would be specified in the RFP Document.

(b) These Bids will be evaluated as per the procedure to be separately prescribed in RFP and strictly in accordance with the terms and conditions stipulated in this Scheme. However, considering the overall target of 5000 seats, the proposed ceiling of 1500 seats per bidder and other relevant factors, the financial bids of the eligible bidders shall be evaluated as per the following approach:

- The bid amount for a State should be same across all locations of that State. The Weighted Average of all the Bids for each of the State shall be calculated in the following manner. Suppose there are n Bids viz. B1, B2, .....,Bn for n1, n2, n3, ....., nn seats respectively for a particular State. The Weighted Average of all the Bids (W) for that State =  $(B1*n1 + B2*n2 + \dots + Bn*nn)/(n1+n2+\dots+nn)$ .

- The bids under NEBPS will be evaluated State-wise (separately for each State) in a Round Robin manner. The Weighted average 'W' would be taken State wise and bids 20% lower than 'W' would be rejected being unreasonable bids. Thereafter, the lowest bidder (L1) for all the States will be determined, and bidder claiming the lowest among all States will be declared successful. Subsequently, the lowest bidder in ascending order from the other States will be declared successful in a Round Robin manner. If two or more bidders in a State (L1 & L2 or L2 & L3 and so on) bid the same amount, then bidder quoting lesser number of seats will be considered first for ensuring wider dispersal. In case numbers of seats are also same for two or more bidders in a State, then the bidder with higher net worth will be considered first.

- The second lowest bidder(s) and other bidders in ascending order would be asked to match the lowest bid for capital support and on its acceptance such bids would be treated as successful bids, provided the sum total of the seating capacity of each bidder does not exceed 1500. In the event of the bid amount being equal in respect of two or more States, the bidder in respect of a State with the lowest population would be considered first for matching L1 of the respective State.

(iii) The Successful Bidders will be conveyed In-Principle Approval (IPA) by STPI, enabling it to take consequential steps for starting BPO operations. These Successful Bidders would be required to enter into an Agreement with the STPI-HQ/STPI-Guwahati, within a period of two weeks from the date of issue of the above In-Principle Approval.

(iv) In the event of non-utilization of the projected 5000 seats or failure of bidding process for whatever reasons in the first round of bidding or for any other bonafide reasons, STPI would be at liberty to go for fresh round of bidding.

## **7. NEBPS Management Committee (NMC)**

The NEBPS Management Committee (NMC) has been constituted for monitoring and reviewing the scheme on a regular basis, comprising the following:

(i)	Additional Secretary, DeitY	Chairperson
(ii)	Joint Secretary/GC( ICIP Group ), DeitY	Member
(iii)	Representative of IFD, DeitY	Member
(iv)	Representative, State Govt.(s)	Member
(v)	DG-STPI	Member
(vi)	Director, STPI, Guwahati	Member
(vii)	HoD, IPS&ITS Division, DeitY	Member
(viii)	JD, IP:S&ITS Division, DeitY	Member-Convener

The NMC would oversee all aspects related to effective implementation of the Scheme by STPI including finalization of Request For Proposal (RFP) document(s), Bid Management Process and award of In-Principle-Approval to the successful bidder and all other issues related to bidding process and implementation of the Scheme. The NMC may meet from time to time, as necessary for smooth and effective implementation of the Scheme.

## **8. Terms & Conditions relating to Commencement of BPO Operations, Disbursement of financial support/incentives and procedure thereof**

(i) The Successful Bidders (BPO Unit) shall be under obligation to commence its BPO operations within 6 months, from the date of receipt of In-Principle Approval referred above. Failure to do so shall automatically result in forfeiture of the Bid Security and cancellation/termination of IPA/Agreement.

(ii) Soon after the commencement of BPO Operations, the Company shall report the fact of commencement of its operations within a period of two months, along with the request for release of financial support as per the agreed amount. This financial support shall be released in 2 installments as under, subject to fulfillment of all formalities and compliance with various conditions laid down in this scheme:

**(a) First Installment shall be upto 50% of the total capital support, to be calculated on pro-rata basis, subject to meeting at least 50% of employment**

target and further *subject to verification of required proofs/documents and site inspection by STPI.*

*For example, assuming a BPO Unit received approval of 200 seats BPO operation (Employment Target =  $1.5 * 200 = 300$ ). The BPO Unit can claim first installment after employing at least 150 (50% of target employment) on pro-rata basis. If applicant employs 150 employees for BPO operations and had got approval of 200 seats quoting support of Rs. 1,00,000/seat, then it will get Rs. 50, 00, 000 [ $1,00,000 * 200 * (50/100) * (150/300)$ ] as first installment subject to verification of required proofs/documents and site inspection by STPI.*

**(b) Second Installment shall be upto 50% of the capital support, to be calculated on pro-rata basis,** subject to meeting at least 50% of employment target and further, subject to verification of required proofs/documents and site inspection by STPI. This installment shall be released anytime after the expiry of three months period (but not later than six months) from the date of release of first installment.

*For example, assuming 200 seats BPO unit received first installment of Rs. 100 lakhs fulfilling the target employment criteria (50% of Rs. 2 crore) for capital support, but at time of second installment it employs only 150 employees, then it will receive Rs. 50 lakhs ( $150/300 * Rs. 100$  lakhs) subject to verification of required proofs/documents.*

(iii) The BPO Unit would be required to furnish a Performance Bank Guarantee of 5% of the total approved support amount from a Nationalized Bank, valid for a period of 3 years before the release of first installment under Capital Support (excluding period of claim).

(iv) No support towards Operational Expenditure (OPEX) would be provided to the BPO Unit.

(v) STPI Hqrs shall timely recommend to the Deity, the release of BPO Unit Wise Capital Support, in respect of each installment, after completion of all formalities, which shall be arranged to be released by IP: Software and ITS Division, Deity, after securing the approval of the Competent Authority.

## **9. Performance and Exit Management**

(i) The RFP would spell out in detail the various aspects of Performance and Exit Management including the following:

(a) In the event of the BPO Unit not being able to claim Capital Support within 3 months from the date of commencement of its operations, the BPO Unit will not be eligible for any support whatsoever and the IPA/Agreement shall be deemed to have been cancelled/ terminated.

(b) In the event of the BPO Unit not being able to achieve minimum employment target of 50%, within 3 months from the date of commencement of its operations, the Unit shall not be eligible for any support whatsoever and the IPA/Agreement shall be deemed to have been cancelled/ terminated.

(c) The BPO Unit will be obligated to furnish quarterly performance report, inter-alia, indicating the average monthly employment in the Unit. At the stage of release of Bank Guarantee, average employment of last two years will be calculated. In the event of the BPO Unit not meeting the employment target (based on which the capital support was released), the STPI would be at liberty to invoke the Bank Guarantee.

(ii) The BPO Unit shall be under obligation to furnish any information sought by an authorized representative of DeitY/ STPI, within a reasonable time frame and failure to do so may amount to forfeiture of Bid Security/ Encashment of Bank Guarantee, as the case may be.

(iii) The DeitY shall be at liberty to relax any condition, for reasons to be recorded in writing, for achieving the larger objective of this Scheme and removal of difficulties.

## 10. Financial Outlay

The overall financial outlay will be limited to Rs. 50 crore during the 12<sup>th</sup> Five Year Plan.

### Year wise Phasing of the NEBPS Cost Outlay for the 12<sup>th</sup> Five Year Plan

(Rs. in Crore)

<b>Component</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>Total</b>
Capital Support through Viability	0	30	20	50
Gap Funding (VGF)				

## 11. Nodal Agency for Implementation

The Software Technology Parks of India (STPI) shall be the Nodal Agency for implementation of this Scheme.

**List of admissible items for Capital Support**

<i>S. No.</i>	<i>Item Description</i>
1	Servers with OS
2	Software and Hardware per license cost for BPO/Call Centre Business operations
3	Networking Equipments (Switches, Routers, Firewalls, Voice/Video Conferencing Gateways)
4	Workstations (Desktop, Laptop, Tablets, IP phones, Headsets)
5	Data Storage
6	Structured Cabling
7	UPS
8	Printer, Copier, Scanner & Projector
9	Refrigerator & Water Purifier
10	Fire & Security Items
11	Computer Furniture
12	Electrical wiring & fittings
13	Central Air-conditioning equipment, air-conditioning System
14	Captive Diesel Generating Set and transformer of capacity commensurate with the actual requirement of the unit , solar power / Non conventional Energy Generation Set ( <b>OPTIONAL</b> )*
15	Fax Machine
16	Private automatic branch exchange
17	Data Communication Equipment, Modem & VSA
18	Other misc. goods not exceeding 5 % of the total cost of above items including Tools, kits and spares

\* The unit may avail incentive on Generating Set from the State Govt., if needed.

**Note:** Any item not covered above shall be decided by and permitted by NEBPS Management Committee (NMC).